



DATE: December 1, 2009

TO: Commissioner Greg Drees
Commissioner Richard Francisco
Commissioner Elizabeth Garst
Commissioner Tammi Kircher
Commissioner Janelle Rettig
Commissioner Dennis Schemmel
Commissioner Margo Underwood

FROM: Michelle Wilson, Project Manager, Honey Creek Resort State Park (HCRSP)

RE: Honey Creek Resort State Park October 2009 Operation Income Statement and Construction Update

Enclosed you will find Central Group Companies Inc.'s operations income statement for the month of October 2009 as received by the Department on November 30, 2009.

Food and Beverage

In October, Central Group Companies Inc. reported 7,488 covers served, down from 10,644 covers in September and lower than the 9,363 budgeted. Food and Beverage revenue in October was \$59,718 lower than projected and net income is down \$13,133 compared to budget.

Occupancy

October 2009

	Iowa Market	Regional Market	Honey Creek RSP		FY10 Pro Forma	
			Lodge	Cabin	Lodge	Cabin
Occupancy	56.8%	47.1%	35.4%	25.6%	57.2%	34.6%
Average Daily Rate	\$72.17	\$127.79	\$95.62	\$239.51	\$97.60	\$267.00

Preliminary reports received from Central Group Companies, Inc. show occupancy for November in the lodge at 20.44 percent and cabin occupancy 22.98 percent with 39.5 percent and 20.0 percent respectively in the 2010 pro forma.

Sales and Marketing

In October, weekly marketing meetings with Central Group Companies, Inc. expanded to include the General Manager, Sales Director, and the Activities Coordinator. Time spent in coordination of planning and promotion of activities and future long range planning is more effective. Central Group Companies Inc. has worked to diversify their marketing efforts and has increased their use of Facebook, Twitter, and e-mail blasts in October. See Central Group Companies, Inc. Variance Report for specifics on marketing efforts for October.

Meetings continue with local tourism groups the first Monday of each month. By December 15th all counties will have their tourism worksheets completed and into the Department. All data will be entered into a spreadsheet and available to all counties and the sales and marketing staff at the resort. In

January Department of Economic Development staff will attend the meeting and work with the group on developing some sample itineraries for the area.

The website continues to improve in functionality and readability. The calendar of events page is now an interactive calendar that includes interpretive activities by DNR and AmeriCorps staff, activities coordinated by Central Group Companies, Inc. Activities Director, and special events at the resort.

The Preserve

In October, golf is again under for the month on revenue by \$32,464 and expense savings were \$36,500 for a net positive income of \$4,036 compared to budget. Marketing staff continue to promote The Preserve and stay-and-play packages as outlined in Central Group Companies, Inc. variance report.

Construction

The Department is still waiting for re-design plans for the dock gangway from TSP and The Hansen Company's subcontractor ShoreMaster. Previous re-design plans were not acceptable to the Department. Guests to the resort are still able to use all dock/boating services. The boat ramp work is still awaiting water levels to decrease.

Hospitality Consultant Report

On October 29-30, 2009, Bill Koegler with the WKC Group visited Honey Creek Resort State Park. Mr. Koegler received a tour of the property and then met with Central Group Companies, Inc. management and Honey Creek Resort Staff. Attached for your review is the report from this visit and from Mr. Koegler's review of financial and marketing documents. At the December NRC meeting, Mr. Koegler will be joining us by phone to present his report and answer questions.

Honey Creek Resort State Park
Project Budget

Budget Category		Source of Funds				Total	Expended to Date	Balance Remaining	Total						
		General	Honey Creek	MFT	P & I										
Non-Construction Expenses															
Pre Bond Expenses from 2002/2003 appropriation		\$	1,850,000.00			\$	1,850,000.00	\$	1,849,838.00	\$	162.00	\$	1,850,000.00		
Staff, misc. expenses		\$	1,050,000.00			\$	1,050,000.00	\$	1,080,596.86	\$	(30,596.86)	\$	1,050,000.00		
Architecture & Engineering (3)		\$	3,557,507.00			\$	3,557,507.00	\$	3,486,320.75	\$	71,186.25	\$	3,557,507.00		
Art Project		\$	225,000.00			\$	225,000.00	\$	191,565.00	\$	33,435.00	\$	225,000.00		
Legal		\$	150,000.00			\$	150,000.00	\$	192,831.92	\$	(42,831.92)	\$	150,000.00		
Preopening Compensation		\$	958,936.00			\$	958,936.00	\$	993,366.94	\$	(34,430.94)	\$	958,936.00		
Construction Packages															
Golf Course & Grading		\$	5,645,961.65	\$	46,702.61	\$	1,242,334.03	\$	6,934,998.29	\$	-	\$	6,934,998.29		
Golf Buildings		\$	799,587.00					\$	774,609.21	\$	24,977.79	\$	799,587.00		
Lodge Base Bid	\$	19,340,000.00													
Approved Change Orders (Including Hardscape)	\$	1,409,011.00													
Total Lodge Package		\$	20,749,011.00			\$	20,749,011.00	\$	20,667,367.81	\$	81,643.19	\$	20,749,011.00		
Sewer System and Lagoon		\$	1,421,634.00	\$	403,361.00		\$	1,824,995.00	\$	1,200,262.27	\$	624,732.73	\$	1,824,995.00	
Docks		\$	-	\$	444,634.14		\$	444,634.14	\$	444,634.14	\$	-	\$	444,634.14	
Roads and Parking		\$	1,212,104.10	\$	784,178.39	\$	5,119,740.84	\$	7,116,023.33	\$	7,177,451.16	\$	(61,427.83)	\$	7,116,023.33
Landscaping and Signs		\$	138,875.00				\$	138,875.00	\$	78,390.61	\$	60,484.39	\$	138,875.00	
Cabins Base Bid	\$	5,058,000.00													
Alternate 1 - Geothermal	\$	218,000.00													
Alternate 2 - Concrete pads	\$	23,100.00													
Approved Change Orders	\$	110,100.00													
Total Cabin Package		\$	5,409,200.00			\$	5,409,200.00	\$	5,414,427.33	\$	(5,227.33)	\$	5,409,200.00		
Activity Building		\$	350,000.00			\$	350,000.00			\$	350,000.00		\$	350,000.00	
Playground		\$	200,000.00			\$	200,000.00	\$	104,170.93	\$	95,829.07		\$	200,000.00	
Beach (4)		\$	80,000.00			\$	80,000.00			\$	80,000.00		\$	80,000.00	
Equipment and Furnishings															
Golf Course Equipment (1)		\$	464,315.40	*		\$	464,315.40	\$	464,315.40	\$	-	\$	464,315.40		
Experience Plan - Interpretation		\$	50,000.00			\$	50,000.00	\$	52,205.12	\$	(2,205.12)	\$	50,000.00		
Lodge FFE (1)		\$	3,025,339.63	*		\$	3,025,339.63	\$	3,028,585.87	\$	(3,246.24)	\$	3,025,339.63		
Lodge FFE Design (1)		\$	268,258.34	*		\$	268,258.34	\$	268,258.34	\$	-	\$	268,258.34		
Cabin FFE		\$	732,513.17			\$	732,513.17	\$	733,713.12	\$	(1,199.95)	\$	732,513.17		
Contingency and Bond Requirements															
Change Orders & Contingency	\$	-													
Change Orders & Contingency - Cabins	\$	-													
Total Change Orders & Contingency		\$	-			\$	-			\$	-		\$	-	
Operating Reserve Fund		\$	500,000.00			\$	500,000.00	\$	211,538.28	\$	288,461.72		\$	500,000.00	
Additional Operating Contingency - Bond Payments 1-3 (5)		\$	2,213,432.00			\$	2,213,432.00	\$	705,945.86	\$	1,507,486.14		\$	2,213,432.00	
Total Expenditures		\$	51,051,674.29	\$	1,678,876.14	\$	6,362,074.87	\$	59,092,625.30	\$	56,055,393.21	\$	3,037,232.09	\$	59,092,625.30
Source of Funds															
Appropriations (pre-FY09)		\$	5,500,000.00			\$	5,500,000.00								
Appropriations (FY09)		\$	8,000,000.00			\$	8,000,000.00								
Bond Proceeds		\$	28,000,000.00			\$	28,000,000.00								
Other (interest)		\$	1,801,399.83			\$	1,801,399.83								
Appanoose County		\$	357,250.00			\$	357,250.00								
Monroe County		\$	357,250.00			\$	357,250.00								
Rathbun Lake Resort, Inc. (RLR)		\$	1,535,500.00			\$	1,535,500.00								
SWAP/Waste Tire Funds		\$	200,000.00			\$	200,000.00								
EPA Funds for bioretention		\$	57,719.00			\$	57,719.00								
FY07 Grow Iowa Values Fund		\$	1,000,000.00			\$	1,000,000.00								
FY08 Grow Iowa Values Fund		\$	1,000,000.00			\$	1,000,000.00								
FY09 Grow Iowa Values Fund (2)	**	\$	811,000.00			\$	811,000.00								
FY10 Grow Iowa Values Fund (2)	**	\$	900,000.00			\$	900,000.00								
REAP FY 09 (5)		\$	519,241.00												
REAP FY 10 (5)		\$	1,200,000.00												
Marine Fuel Tax				\$	1,678,876.14		\$	1,678,876.14							
Parks & Institutional Roads						\$	6,362,074.87	\$	6,362,074.87						

Source: Budget and Finance Bureau

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Money Creek Resort State Park

Project Budget

Total Funding	\$	51,239,359.83	\$	1,678,876.14	\$	6,362,074.87	\$	57,561,069.84
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12/2/2009

Variance	\$	187,685.54	\$	-	\$	-
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In-Kind Matching

Rathbun Regional Water Association	\$928,000
Chariton Valley Electric Cooperative	\$877,170
Iowa Telecom	\$250,000
Total In-Kind Matching	\$2,055,170

Future Development:

RV Shelter and Restroom	\$250,000
Golf Cart Storage Building	\$100,000
Picnic Shelter and Restroom for day use area	\$100,000
Emergency Vehicle Access and Trail Bridge	\$4,500,000
Need to secure additional funding	\$4,950,000

(1) Items are completed; budget has been adjusted to reflect actual expenses.

(2) FY 09 Values funds were cut \$189K, not 20% as noted in letter from DED. FY 10 amount was cut to \$900,000 per legislation.

(3) This item reflects changes in the contract between the Department and TSP based on the Compromise Agreement from July 2008

(4) Design and construction costs have been finalized for the beach

(5) This reflects the Department fuunding the first 3 bond payments and new revenue sources.